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Project No. 51.5567

Economic Developments in North Vietnam  
During August 1970

Introduction

This monthly report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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Military

1. The regime called for a step up in manpower mobilization during the month.

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A mid-month editorial in

the North Vietnamese army newspaper referred to a resolution adopted by the military affairs department of the Party Central Committee regarding local requirements for a manpower build up, specifying that recruits would be sent to the front lines "immediately". Although recruitment drives are not new in North Vietnam the current drive apparently is receiving more attention and heavier emphasis and probably reflects Hanoi's determination to meet the increased manpower needs generated by the widening of the war in Indochina.

2. Four Czech-built L-29 basic jet trainers were observed at Phuc Yen Airfield during the month. This is the first time this widely used trainer has been sighted in North Vietnam although YAK-18 propeller-driven basic trainers have been in the country for the last ten years. Formerly North Vietnamese pilots had been trained in the USSR and Communist China but the presence of these jet trainers in

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North Vietnam

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[redacted] suggest that North Vietnam may now be establishing a basic in-country pilot training program.

Agriculture

3. On 11 August Hanoi announced that about 90 percent of the 10th month rice crop acreage had been transplanted suggesting that the cultivation of this year's crop so far is close to the desired schedule. Another August report stated that more acreage has been prepared for this year's 10th month rice crop than had been prepared for last year's crop. The good prospects for the 10th month crop coupled with the apparently favorable 5th month crop harvested at mid-year, suggest that the upward trend in rice production which started in 1969 after three years of decline will continue this year. [redacted]

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Industry

4. Reconstruction of industrial facilities continued at a slow pace during August. Some slight construction activity was observed at the Haiphong Cement Plant but so far none of the new kiln sections delivered to the plant in July has been installed. One of the four operational production lines was observed out of operation in late July and mid-August, but back in operation towards the end of the month. A crushing

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mill at the Haiphong Cement Plant was dismantled and reinstalled at Lao Cai apparently to be used for apatite ore processing.

5. In the electric power industry construction was in progress at three powerplants -- the Thac Ba hydroelectric plant, and the thermal powerplants at Haiphong and Ben Thuy. Completion of the Thac Ba and Haiphong power facilities will take about a year. The Ben Thuy plant is nearing an operational status, however, after being out of service since 1967. Powerplants at Viet Tri, Nam Dinh, and Thanh Hoa were not in service during August, probably reflecting operating difficulties caused by the damaged condition of the equipment in these plants.

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#### Conclusions

10. There have been no military or economic developments observed during the month which suggest that a weakening in North Vietnam's current unyielding negotiating position is imminent. On the contrary, developments during the month suggest that North Vietnam intends to strengthen its military capabilities and has made additional slight progress in restoring its economy.

11. Military developments during the month were highlighted by regime calls for increased manpower mobilization which suggest that North Vietnam intends to meet the manpower needs generated by the widening of the war in Indochina. Evidence gathered during the month suggests that North Vietnam is establishing an in-country basic pilot training program which should reduce the dependence on Communist China and the Soviet Union as sources of pilot training.

12. In agriculture food production prospects for the year appear good although not good enough to preclude the need for a continued high

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level of food imports. The fifth-month rice crop which was harvested in June apparently was higher than last year and the rate of transplanting of the tenth-month crop during August appears close to the optimum schedule. Both these crops apparently were planted on larger areas this year than in the recent past and a larger percentage of the total area has been planted in the new higher-yielding, miracle-type rice strains.

13. Reconstruction of industrial facilities continued at a slow pace during August. None of the new kiln sections delivered to the Haiphong cement plant in July has yet been installed, and one of the plant's four operational production lines was closed down in late July. Construction continues at the Thac Ba hydroelectric plant and the Haiphong and Ben Thuy thermal powerplants. The latter plant is approaching an operational status.

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